

HOUSE BILL 465

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1998 Regular Session
8lr2059
CF 8lr1313

By: **Delegate C. Davis**

Introduced and read first time: February 4, 1998

Assigned to: Ways and Means

A BILL ENTITLED

1 AN ACT concerning

2 **Horse Racing - Special Fund - Taxes**

3 FOR the purpose of requiring that funds remaining in the Special Fund be allocated
4 in certain amounts to the Maryland-Bred Race Fund and to the Maryland
5 Standardbred Race Fund; altering the termination provision relating to the
6 allocation of certain amounts bet on certain thoroughbred and harness races to
7 certain taxes and purses; providing for the termination of certain provisions of
8 this Act; and generally relating to horse racing in the State.

9 BY repealing and reenacting, with amendments,
10 Article - Business Regulation
11 Section 11-406
12 Annotated Code of Maryland
13 (1992 Volume and 1997 Supplement)

14 BY repealing and reenacting, without amendments,
15 Article - Business Regulation
16 Section 11-402, 11-515, 11-614, and 11-616
17 Annotated Code of Maryland
18 (1992 Volume and 1997 Supplement)

19 BY repealing and reenacting, with amendments,
20 Chapter 750 of the Acts of the General Assembly of 1997
21 Section 5

22 SECTION 1. BE IT ENACTED BY THE GENERAL ASSEMBLY OF
23 MARYLAND, That the Laws of Maryland read as follows:

1 **Article - Business Regulation**

2 11-402.

3 The Special Fund consists of:

- 4 (1) the State share of daily licensee fees;
- 5 (2) pari-mutuel taxes;
- 6 (3) the impact aid under § 11-812 of this title;
- 7 (4) except as provided in § 11-521 of this title, money from uncashed
8 pari-mutuel tickets that are from bets made into the betting pools of nonharness
9 licensees; and
- 10 (5) any permit fees under § 11-820 and 11-832 of this title.

11 11-406.

12 After all deductions from the Special Fund are made, money that remains in the
13 Special Fund shall be [paid into the General Fund of the State] ALLOCATED IN THE
14 FOLLOWING WAY:

- 15 (1) 70% TO THE MARYLAND-BRED RACE FUND; AND
- 16 (2) 30% TO THE MARYLAND STANDARD BRED RACE FUND, TO BE DIVIDED
17 EQUALLY BETWEEN THE SIRES STAKES PROGRAM AND THE FOAL STAKES
18 PROGRAM.

19 SECTION 2. AND BE IT FURTHER ENACTED, That the Laws of Maryland
20 read as follows:

21 **Article - Business Regulation**

22 11-515.

23 (a) Except as provided in §§ 11-515.1 and 11-516 of this subtitle, the takeout
24 that a licensee deducts from the handle of a race shall be allocated in accordance with
25 this section.

26 (b) A licensee shall:

- 27 (1) keep 50% of the breakage;
- 28 (2) allocate 45% of the breakage for purses; and
- 29 (3) allocate 5% of the breakage to the Maryland-Bred Race Fund.

30 (c) From the 17% that a licensee deducts from each regular mutuel pool, the
31 licensee shall:

1 (1) keep 7.70% of each regular mutuel pool, from which the licensee shall
2 pay 0.25% of each regular mutuel pool to the Maryland Race Track Employees
3 Pension Fund;

4 (2) allocate 0.32% of each regular mutuel pool to the Commission for
5 State tax;

6 (3) allocate 1.10% of each regular mutuel pool to the Maryland-Bred
7 Race Fund; and

8 (4) allocate 7.88% of each regular mutuel pool for purses.

9 (d) From the 19% that a licensee deducts from each multiple mutuel pool on 2
10 horses, the licensee shall:

11 (1) keep 8.70% of each multiple mutuel pool, from which the licensee
12 shall pay 0.25% of each multiple mutuel pool to the Maryland Race Track Employees
13 Pension Fund;

14 (2) allocate 0.32% of each multiple mutuel pool to the Commission for
15 State tax;

16 (3) allocate 1.10% of each multiple mutuel pool to the Maryland-Bred
17 Race Fund; and

18 (4) allocate 8.88% of each multiple mutuel pool for purses.

19 (e) From the 25% that a licensee deducts from each multiple mutuel pool on 3
20 or more horses, the licensee shall:

21 (1) keep 11.70% of each multiple mutuel pool, from which the licensee
22 shall pay 0.25% of each multiple mutuel pool to the Maryland Race Track Employees
23 Pension Fund;

24 (2) allocate 0.32% of each multiple mutuel pool to the Commission for
25 State tax;

26 (3) allocate 1.10% of each multiple mutuel pool to the Maryland-Bred
27 Race Fund; and

28 (4) allocate 11.88% of each multiple mutuel pool for purses.

29 11-614.

30 Except as provided in § 11-614.1 of this subtitle, a licensee whose average
31 handle is over \$600,000 shall:

32 (1) allocate 0.32% of each mutuel pool to the Commission as State tax;

33 (2) allocate for purses 0.18% of each mutuel pool, or an amount that is
34 otherwise agreed to by the licensee and the organization representing a majority of

1 the harness owners and trainers in the State, which shall provide revenue in addition
2 to any other funds set aside for purses by private parties;

3 (3) allocate 0.25% of each mutuel pool to the Maryland Harness Track
4 Employees Pension Fund;

5 (4) keep 16.25% of each regular mutuel pool;

6 (5) keep 18.25% of each multiple mutuel pool on 2 horses; and

7 (6) keep 24.25% of each multiple mutuel pool on 3 or more horses.

8 11-616.

9 A licensee whose average handle is \$600,000 or less shall:

10 (1) allocate 0.32% of each mutuel pool to the Commission as State tax;

11 (2) allocate for purses 0.18% of each mutuel pool, or an amount that is
12 otherwise agreed to by the licensee and the organization representing a majority of
13 the harness owners and trainers in the State, which shall provide revenue in addition
14 to any other funds set aside for purses by private parties;

15 (3) subject to § 11-618 of this subtitle, allocate 0.25% of each mutuel pool
16 to the Maryland Harness Track Employees Pension Fund;

17 (4) keep 18.00% of each regular mutuel pool;

18 (5) keep 20.00% of each multiple mutuel pool on 2 horses; and

19 (6) keep 26.00% of each multiple mutuel pool on 3 or more horses.

20

Chapter 750 of the Acts of 1997

21 SECTION 5. AND BE IT FURTHER ENACTED, That this Act shall take effect
22 June 1, 1997. It shall remain effective for a period of [one year] 2 YEARS AND 1
23 MONTH and, at the end of [May 31, 1998] JUNE 30, 1999, with no further action
24 required by the General Assembly, this Act shall be abrogated and of no further force
25 and effect.

26 SECTION 3. AND BE IT FURTHER ENACTED, That the changes to § 11-406
27 of the Business Regulation Article, as enacted by Section 1 of this Act, shall remain
28 effective until June 30, 1999, and, at the end of June 30, 1999, with no further action
29 required by the General Assembly, the changes to § 11-406 shall be abrogated and of
30 no further force and effect.

31 SECTION 4. AND BE IT FURTHER ENACTED, That this Act shall take effect
32 June 1, 1998.